

103D CONGRESS  
1ST SESSION

# S. 1624

To standardize withdrawal options for Thrift Savings Plan participants, and  
for other purposes.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 4 (legislative day, NOVEMBER 2), 1993

Mr. STEVENS (for himself and Mr. PRYOR) introduced the following bill; which  
was read twice and referred to the Committee on Governmental Affairs

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## A BILL

To standardize withdrawal options for Thrift Savings Plan  
participants, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. STANDARDIZATION OF WITHDRAWAL OPTIONS**

4 **FOR THRIFT SAVINGS PLAN PARTICIPANTS.**

5 (a) PARTICIPATION IN THE THRIFT SAVINGS  
6 PLAN.—Section 8351(b) of title 5, United States Code,  
7 is amended—

8 (1) by amending paragraph (4) to read as fol-  
9 lows:

1           “(4) Section 8433(b) of this title applies to any  
2       employee or Member who elects to make contribu-  
3       tions to the Thrift Savings Fund under subsection  
4       (a) of this section and separates from Government  
5       employment.”;

6           (2) by striking out paragraphs (5), (6), and (8);

7           (3) by redesignating paragraphs (7), (9), and  
8       (10) as paragraphs (5), (6), and (7), respectively;

9           (4) in paragraph (5)(C) (as redesignated under  
10       paragraph (3) of this subsection) by striking out “or  
11       former spouse” in both places it appears;

12          (5) by amending paragraph (6) (as redesign-  
13       nated under paragraph (3) of this subsection) to  
14       read as follows:

15          “(6) Notwithstanding paragraph (4), if an em-  
16       ployee or Member separates from Government em-  
17       ployment and such employee’s or Member’s non-  
18       forfeitable account balance is \$3,500 or less, the Ex-  
19       ecutive Director shall pay the nonforfeitable account  
20       balance to the participant in a single payment unless  
21       the employee or Member elects, at such time and  
22       otherwise in such manner as the Executive Director  
23       prescribes, one of the options available under sub-  
24       section (b).”; and

(6) in paragraph (7) (as redesignated under paragraph (3) of this subsection) by striking out “nonforfeiture” and inserting in lieu thereof “nonforfeitable”.

(b) BENEFITS AND ELECTION OF BENEFITS.—Section 8433 of title 5, United States Code, is amended—

(1) in subsection (b) by striking out the matter before paragraph (1) and inserting in lieu thereof “Subject to section 8435 of this title, any employee or Member who separates from Government employment entitled to an annuity under subchapter II of this chapter or any employee or Member who separates from Government employment is entitled and may elect—”;

(2) by striking out subsections (c) and (d) and redesignating subsections (e), (f), (g), (h), and (i) as subsections (c), (d), (e), (f), and (g), respectively;

(3) in subsection (c)(1) (as redesignated under paragraph (2) of this subsection) by striking out “or (c)(4) or required under subsection (d) directly to an eligible retirement plan or plans) (as defined in section 402(a)(5)(E) of the Internal Revenue Code of 1954)” and inserting in lieu thereof “directly to an eligible retirement plan or plans (as defined in sec-

1       tion 402(c)(8) of the Internal Revenue Code of  
2       1986”;

3               (4) in subsection (d)(2) (as redesignated under  
4       paragraph (2) of this subsection) by striking out “or  
5       (c)(2)”;

6               (5) in subsection (f) (as redesignated under  
7       paragraph (2) of this subsection)—

8               (A) by striking out paragraph (1) and re-  
9       designating paragraphs (2) and (3) as para-  
10      graphs (1) and (2), respectively; and

11              (B) in paragraph (1) (as redesignated  
12      under subparagraph (A) of this paragraph)—

13                      (i) by striking out “Notwithstanding  
14      subsections (b) and (c), if an employee or  
15      Member separates from Government em-  
16      ployment under circumstances making  
17      such an employee or Member eligible to  
18      make an election under either of those sub-  
19      sections, and such employee’s or Mem-  
20      ber’s” and inserting in lieu thereof “Not-  
21      withstanding subsection (b), if an employee  
22      or Member separates from Government  
23      employment, and such employee’s or Mem-  
24      ber’s”;



1 (ii) by striking out “or (c), as applica-  
2 ble”; and

3 (C) in paragraph (2) (as redesignated  
4 under subparagraph (A) of this paragraph) by  
5 striking out “paragraphs (1) and (2)” and in-  
6 serting in lieu thereof “paragraph (1)”.

7 (c) ANNUITIES: METHODS OF PAYMENT; ELECTION;  
8 PURCHASE.—Section 8434(c) of title 5, United States  
9 Code, is amended to read as follows:

10 “(c) Notwithstanding an elimination of a method of  
11 payment by the Board an employee, Member, former em-  
12 ployee, or former Member may elect the eliminated method  
13 if the elimination of such method became effective less  
14 than 5 years before the date on which annuity com-  
15 mences.”.

16 (d) PROTECTIONS FOR SPOUSES AND FORMER  
17 SPOUSES.—Section 8435 of title 5, United States Code,  
18 is amended—

19 (1) in subsection (a)(1)(A) by striking out  
20 “subsection (b)(3), (b)(4), (c)(3), or (c)(4) of section  
21 8433 of this title or change an election previously  
22 made under subsection (b)(1), (b)(2), (c)(1), or  
23 (c)(2)” and inserting in lieu thereof “subsection  
24 (b)(3) or (b)(4) of section 8433 of this title or

1 change an election previously made under subsection  
2 (b)(1) or (b)(2)”;

3 (2) by striking out subsection (b);

4 (3) by redesignating subsections (c), (d), (e),  
5 (f), (g), (h), and (i) as subsections (b), (c), (d), (e),  
6 (f), (g), and (h), respectively;

7 (4) in subsection (b) (as redesignated under  
8 paragraph (3) of this subsection) by amending para-  
9 graph (2) to read as follows:

10 “(2) Paragraph (1) shall not apply, if—

11 “(A) a joint waiver of such method is  
12 made, in writing, by the employee or Member  
13 and the spouse; or

14 “(B) the employee or Member waives such  
15 method, in writing, after establishing to the sat-  
16 isfaction of the Executive Director that cir-  
17 cumstances described under subsection (a)(2)  
18 (A) or (B) make the requirement of a joint  
19 waiver inappropriate.”; and

20 (5) in subsection (c)(1) (as redesignated under  
21 paragraph (3) of this subsection) by striking out  
22 “and a transfer may not be made under section  
23 8433(d) of this title”.

24 (e) JUSTICES AND JUDGES.—Section 8440a(b) of  
25 title 5, United States Code, is amended—

1           (1) in paragraph (5) by striking out “Section  
2       8433(d)” and inserting in lieu thereof “Section  
3       8433(b)”;

4           (2) by striking out paragraphs (7) and (8) and  
5       inserting in lieu thereof the following:

6           “(7) Notwithstanding paragraphs (4) and (5),  
7       if any justice or judge retires under subsection (a)  
8       or (b) of section 371 or section 372(a) of title 28,  
9       or resigns without having met the age and service  
10      requirements set forth under section 371(c) of title  
11      28, and such justice’s or judge’s nonforfeitable ac-  
12      count balance is \$3,500 or less, the Executive Direc-  
13      tor shall pay the nonforfeitable account balance to  
14      the participant in a single payment unless the justice  
15      or judge elects, at such time and otherwise in such  
16      manner as the Executive Director prescribes, one of  
17      the options available under section 8433(b).”.

18       (f) BANKRUPTCY JUDGES AND MAGISTRATES.—Sec-  
19      tion 8440b of title 5, United States Code, is amended—

20           (1) in subsection (b)(4) by amending subpara-  
21      graph (B) to read as follows:

22           “(B) Section 8433(b) of this title applies  
23      to any bankruptcy judge or magistrate who  
24      elects to make contributions to the Thrift Sav-  
25      ings Fund under subsection (a) of this section

1           and who retires before attaining age 65 but is  
2           entitled, upon attaining age 65, to an annuity  
3           under section 377 of title 28 or section 2(c) of  
4           the Retirement and Survivors Annuities for  
5           Bankruptcy Judges and Magistrates Act of  
6           1988.”;

7           (2) in subsection (b)(4)(C) by striking out  
8           “Section 8433(d)” and inserting in lieu thereof  
9           “Section 8433(b)”;

10          (3) in subsection (b)(5) by striking out “retire-  
11          ment under section 377 of title 28 is” and inserting  
12          in lieu thereof “any of the actions described under  
13          paragraph (4) (A), (B), or (C) shall be considered”;

14          (4) in subsection (b) by striking out paragraph  
15          (8) and redesignating paragraph (9) as paragraph  
16          (8); and

17          (5) in paragraph (8) of subsection (b) (as re-  
18          designated under paragraph (4) of this sub-  
19          section)—

20                (A) by striking out “Notwithstanding sub-  
21                paragraphs (A) and (B) of paragraph (4), if  
22                any bankruptcy judge or magistrate retires  
23                under circumstances making such bankruptcy  
24                judge or magistrate eligible to make an election  
25                under subsection (b) or (c)” and inserting in



1           lieu thereof “Notwithstanding paragraph (4), if  
2           any bankruptcy judge or magistrate retires  
3           under circumstances making such bankruptcy  
4           judge or magistrate eligible to make an election  
5           under subsection (b)”; and

6                   (B) by striking out “and (c), as applica-  
7           ble”.

8           (g) CLAIMS COURT JUDGES.—Section 8440c of title  
9   5, United States Code, is amended—

10           (1) in subsection (b)(4)(B) by striking out  
11   “Section 8433(d)” and inserting in lieu thereof  
12   “Section 8433(b)”;

13           (2) in subsection (b)(5) by striking out “retire-  
14   ment under section 178 of title 28, is” and inserting  
15   in lieu thereof “any of the actions described in para-  
16   graph (4) (A) or (B) shall be considered”;

17           (3) in subsection (b) by striking out paragraph  
18   (8) and redesignating paragraph (9) as paragraph  
19   (8); and

20           (4) in paragraph (8) (as redesignated under  
21   paragraph (3) of this subsection) by striking out  
22   “Notwithstanding paragraph (4)(A)” and inserting  
23   in lieu thereof “Notwithstanding paragraph (4)”.

24           (h) JUDGES OF THE UNITED STATES COURT OF  
25   VETERANS APPEALS.—Section 8440d(b)(5) of title 5,

1 United States Code, is amended by striking out “A trans-  
2 fer shall be made as provided under section 8433(d) of  
3 this title” and inserting in lieu thereof “Section 8433(b)  
4 of this title applies”.

5 (i) TECHNICAL AND CONFORMING AMENDMENTS.—  
6 Chapters 83 and 84 of title 5, United States Code, are  
7 amended—

8 (1) in section 8351(b)(5)(B) (as redesignated  
9 under subsection (a)(3) of this section) by striking  
10 out “section 8433(i)” and inserting in lieu thereof  
11 “section 8433(g)”;

12 (2) in section 8351(b)(5)(D) (as redesignated  
13 under subsection (a)(3) of this section) by striking  
14 out “section 8433(i)” and inserting in lieu thereof  
15 “section 8433(g)”;

16 (3) in section 8433(b)(4) by striking out “sub-  
17 section (e)” and inserting in lieu thereof “subsection  
18 (c)”;

19 (4) in section 8433(d)(1) (as redesignated  
20 under subsection (b)(2) of this section) by striking  
21 out “(d) of section 8435” and inserting in lieu  
22 thereof “(c) of section 8435”;

23 (5) in section 8433(d)(2) (as redesignated  
24 under subsection (b)(2) of this section) by striking

1 out “section 8435(d)” and inserting in lieu thereof  
2 “section 8435(c)”;

3 (6) in section 8433(e) (as redesignated under  
4 subsection (b)(2) of this section) by striking out  
5 “section 8435(d)(2)” and inserting in lieu thereof  
6 “section 8435(c)(2)”;

7 (7) in section 8433(g)(5) (as redesignated  
8 under subsection (b)(2) of this section) by striking  
9 out “section 8435(f)” and inserting in lieu thereof  
10 “section 8435(e)”;

11 (8) in section 8434(b) by striking out “section  
12 8435(c)” and inserting in lieu thereof “section  
13 8435(b)”;

14 (9) in section 8435(a)(1)(B) by striking out  
15 “subsection (c)” and inserting in lieu thereof “sub-  
16 section (b)”;

17 (10) in section 8435(d)(1)(B) (as redesignated  
18 under subsection (d)(3) of this section) by striking  
19 out “subsection (d)(2)” and inserting in lieu thereof  
20 “subsection (c)(2)”;

21 (11) in section 8435(d)(3)(A) (as redesignated  
22 under subsection (d)(3) of this section) by striking  
23 out “subsection (c)(1)” and inserting in lieu thereof  
24 “subsection (b)(1)”;

1           (12) in section 8435(d)(6) (as redesignated  
2           under subsection (d)(3) of this section) by striking  
3           out “or (c)(2)” and inserting in lieu thereof “or  
4           (b)(2)”;

5           (13) in section 8435(e)(1)(A) (as redesignated  
6           under subsection (d)(3) of this section) by striking  
7           out “section 8433(i)” and inserting in lieu thereof  
8           “section 8433(g)”;

9           (14) in section 8435(e)(2) (as redesignated  
10          under subsection (d)(3) of this section) by striking  
11          out “section 8433(i) of this title shall not be ap-  
12          proved if approval would have the result described in  
13          subsection (d)(1)” and inserting in lieu thereof “sec-  
14          tion 8433(g) of this title shall not be approved if ap-  
15          proval would have the result described under sub-  
16          section (c)(1)”;

17          (15) in section 8435(g) (as redesignated under  
18          subsection (d)(3) of this section) by striking out  
19          “section 8433(i)” and inserting in lieu thereof “sec-  
20          tion 8433(g)”;

21          (16) in section 8437(c)(5) by striking out “sec-  
22          tion 8433(i)” and inserting in lieu thereof “section  
23          8433(g)”;



1           (17) in section 8440a(b)(6) by striking out  
2       “section 8351(b)(7)” and inserting in lieu thereof  
3       “section 8351(b)(5)”.

4       (j) INTERIM PROVISION.—Section 8433(d) of title 5,  
5 United States Code, is amended by striking out “shall  
6 transfer the amount of the balance” and inserting in lieu  
7 thereof “may transfer the amount of the balance”.

8       (k) EFFECTIVE DATES.—(1) Except as provided in  
9 paragraph (2), the provisions of this section shall take ef-  
10 fect 1 year after the date of enactment of this Act or upon  
11 such other date as the Executive Director of the Federal  
12 Retirement Thrift Investment Board shall provide in regu-  
13 lation.

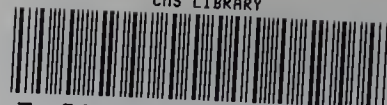
14       (2) The provisions of subsection (j) of this section  
15 shall take effect upon the date of the enactment of this  
16 Act.

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